



“Voltas Limited
Q4 FY 2025 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day, and welcome to the Voltas Limited Q4 and FY 2025 Earnings Conference Call hosted by PhillipCapital India Private Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Natasha Jain from PhillipCapital. Thank you, and over to you, ma'am.

Natasha Jain: Thank you, and good afternoon, everyone. I, Natasha Jain, on behalf of PhillipCapital, welcome all of you to the fourth quarter FY '25 earnings conference call of Voltas Limited.

From the management today we have Mr. Pradeep Bakshi, Managing Director and Chief Executive Officer; Mr. K.V. Sridhar, the new Chief Financial Officer; Mr. Nikhil R. Chandarana, Head Corporate Finance; and Mr. Vaibhav Vora, Head Treasury. I would request the management to give their opening remarks, post which we shall open the floor for Q&A. Thank you, and over to you, sir.

Pradeep Bakshi: This is Pradeep Bakshi here. So just to give you a heads up, with me today has joined Mr. K.V. Sridhar, besides my colleagues, Nikhil and Vaibhav. K.V. Sridhar, just as an introduction, he has joined us recently as Chief Financial Officer. And he comes with a very, very rich experience, and he's dealt with Board, and he's been in the system with us for last few days.

So now we will pass on the mic to Sridhar who will give you the heads up on the performance for the quarter and year-end.

K.V. Sridhar: Thank you, sir. So good afternoon, all. Glad to connect with you all as part of the call. First, I'll start with the overall global situation, what we see as we analyze it, India, and then to the results part of it. So the global economic outlook, as you can see, linked to multiple factors like U.S. tariffs and countermeasures of the trading partners. There is a high level of uncertainty. In addition to the risk of increased inflation, investment and consumer confidence are anticipated to decline during the prevailing uncertainties. While the direct impact on India is expected to be limited, the spillovers of global slowdown of especially the 2 key economies, U.S. and China, may exacerbate the scale of impact. Further, the Indo-Pak border tensions further adds to the uncertainty of the last couple of days. This will negatively impact economic activity with global growth now projected to drop to 2.8% in 2025 and 3% in 2026, down from the earlier forecast of 3.3% in the earlier years. This is significantly below the overall average of 3.7% earlier.

But in contrast, if you sort of look at India, for example, India is, I think, relatively well insulated, supported by strong economic fundamentals, declining crude prices and a proactive monetary policy. India's strategic position has the potential to provide additional benefits. It is reportedly close to becoming one of the first countries to finalize the trade deal with the U.S. IMF in its latest release expected that India is set to overtake Japan and become the fourth largest economy in the world in 2025. This growth is likely to be fueled by the nation's private consumption growth.

Linked to the India story, the company has maintained its growth trajectory and increased its annual revenue driven by a strong summer season for the AC industry after 2 to 3 years and the growth in the Projects business. Voltas achieved several key milestones during the year, becoming the first brand to surpass 2.5 million AC units in 2024-25, the highest ever Air Cooler sales in excess of 0.5 million and Commercial Air Conditioner business also delivered steady growth. During the year, Voltas Beko also recorded sales of over 1 million Refrigerators and Washing Machines and established itself as the fastest-growing home appliances brand in the country. The company continued profitable growth in the domestic projects business and a stable international projects business. These accomplishments were made possible through strategic planning, extensive market research, a capable sales force and expanded product range with enhanced attributes and increased participation across channels.

For the year ended 31 March 2025, the company reported a 24% increase in consolidated total income, reaching INR15,737 crores, up from INR12,734 crores in the same period last year. Profit before tax surged by 145%, amounting to INR1,191 crores compared to INR481 crores previously. Net profit also experienced a significant rise standing at INR834 crores, up from INR248 crores in the corresponding period last year. This marks the highest ever profit in the company's history. Earnings per share for the year ended 31st March 2025 was INR25.43 compared to INR7.62 in the same period last year, as you would have seen in the annual results published.

For the quarter ending 31st March 2025, the Consolidated Total Income grew by 14%, reaching INR4,847 crores compared to INR4,257 crores in the same quarter last year. Profit before tax soared by 97%, amounting to INR343 crores from INR174 crores. Net profit after tax also saw a substantial increase, climbing from INR236 crores from INR111 crores in the corresponding quarter last year. Earnings per share, not annualized, just to clarify, for the quarter ended 31st March was INR7.28 compared to INR3.52 in the same period previous year. The balance sheet also continues to be strong.

Other details, I think is already sort of -- snapshot has already been shared, so I will go into the specifics of each of the businesses just for a better understanding.

Segment A: Unitary Cooling Product business (UCP):

For the year ended March 2025, demand for the cooling products has remained strong, elevating the growth of the UCP vertical overall. For the year, all products in the air conditioner category experienced good demand, driven by consumers' preference for advanced features and energy-efficient products. The strong demand for the premium products, particularly 5-star rated units continued, enhancing the overall sales mix for Voltas. Voltas maintains its leadership positions with a year-on-year market share of almost 19% as of March 2025. Overall, primary volume growth for the UCP category for the year was recorded at almost 36%. Market reports indicate that Voltas achieved a growth in line with the industry.

An anticipated, strong summer demand and support from our in-stock demonstrators helped us achieve better performance for all products with the room air conditioner category experiencing good demand. Both window and split air conditioners saw reasonable growth during the quarter.

The company's ramp-up of its manufacturing capacity is on track with commercial production from the room air conditioner facility in Chennai, Tamil Nadu is progressing as planned. This factory has helped cater to increased demand and balance the supply chain, particularly in the Southern and Western markets of India. Our overall growth was owing to a combination of 24/7 operations at our factory in Pantnagar and a steady ramp-up of our newly established Chennai factory.

With our proposed growth plans and vision of leading industry growth in the air conditioner market, we are planning to further scale up our capacity, especially at our fully backward integrated room air conditioner factory in Chennai.

The Commercial Refrigeration (CR) segment encountered challenges during the year linked to inventory liquidation and lower customer capital expenditures affected margins during the year. With a slowdown during the year, production ramp-up in our new factory was not as planned, and this further added to the costs. Despite this, growth has been seen across all product categories. However, with orders in pipeline for our CR products and our commitment to provide our consumers with enhanced product experience from our new factory, we envisage favorable outcome of our factory ramp-up and overall growth from this category in the next few months.

The air cooler segment experienced significant growth of over 70%, this year. Certain strategic initiatives taken during the year facilitated the successful distribution of both air coolers and water heaters. For year-to-date March, Voltas has achieved an 8.5% market share in the air cooler category, establishing itself as one of the top 3 brands. Additionally, in the water heater segment, collaboration with distributors and sub-dealers have contributed to robust performance, which has been positively received.

The commercial air conditioning vertical recorded steady performance during the year, driven by higher sales of chillers, VRF, commercial ACs, ducted and packaged ACs. The higher volume of margin-accretive product sales, value engineering initiatives, improved labor productivity, and the current mix of AMC jobs positively affected our bottom line. With the positive conversion of product sales to AMC jobs and the high order pipeline to retrofit jobs, the vertical is expected to achieve consistent growth.

Overall, for UCP, increase in commodity prices and the volatility of foreign exchange continue to remain a challenge. Our planned consistent investments in advertising continued to deliver anticipated results. Consumer-centric financing schemes significantly contributed to sales growth this season. Simultaneously, various value engineering initiatives and cost control measures have contributed to stable margins.

In conclusion, UCP segment grew by 30%, reaching INR10,614 crores, up from INR8,160 crores in the same period last year. Segment also reported an increase in 29% in results in line with revenue growth amounting to INR892 crores compared to INR693 crores in the corresponding period last year. For the quarter ending March 2025, segment revenue grew by 17%, totaling INR3,458 crores, compared to INR2,955 crores in the same quarter last year. Segment result for the quarter was INR345 crores against INR270 crores for the same quarter last year.

Segment B, Electrical-Mechanical Projects and Services:

For the year ended March 2025, segment revenue increased by 13%, reaching INR4,157 crores compared to INR3,683 crores in the same period last year. The segment results was a positive INR169 crores, a significant turnaround from a loss of INR328 crores last year. For the quarter, segment revenue was INR1,138 crores compared to INR1,098 crores in the same quarter. Losses have reduced from INR1,08 crores to INR2 crores mainly due to improved order booking, better project execution and working capital management.

During the current quarter and the year, project execution across verticals and geographies Was sturdy. Focus on completion certificates and various management initiatives continues to boost bottom line growth. However, in domestic business, we face challenges in collections in certain projects. We are relatively optimistic of recovery in the subsequent quarters.

In the international business, performance is driven by projects in UAE and Saudi Arabia.

For the Projects business, we continue to focus on efficient execution of existing ongoing projects, including the collection of due receivables within the contractual time lines to minimize the company's exposure. As of 31st March '25, the total carry forward order book for the segment is in excess of INR6,500 crores.

Segment C: Engineering Products and Services:

The segment faced certain headwinds in its performance, owing to macroeconomic factors and, likewise, the challenges faced by industry. Revenue reported for current year was INR569 crores as against INR588 crores in the previous year, and the segment results were INR155 crores versus INR206 crores for the same period last year. For the quarter, the segment revenue was INR132 crores compared to INR156 crores last year, and the results were INR34 crores versus INR48 crores last year.

The Mining and Construction Equipment vertical showed positive momentum on the top line, ensuring continuity in operations and maintenance jobs as well as sales of parts in machines. However, the revenue mix and challenges in job renewals at sustained margins limited the ability to translate top line growth into bottom line growth. Going forward, the expected increase in coal production in both Mozambique and India is expected to enhance business opportunities with existing contracts.

In the Textile Machinery Division, geo-politics in Europe and China, political unrest in Bangladesh, and supply chain disruptions in textiles business caused major challenges globally for the industry. Stagnant yarn prices also impacted the business. These dynamics led to a lower capital expenditure across the sector during the year, resulting in underperformance and a revenue decline for the vertical. Demand and margins for our agency business remained under pressure throughout the year. However, aftersales and post-spinning business showed positive performance. With a focus on growing our presence and reach in the spinning machinery, post spinning and after-sales division, and enhancing our service delivery, we are putting efforts into navigating the headwinds in the business.

Voltas Beko:

Voltbek Home Appliances Private Limited (Voltas Beko), our home appliances brand, continued to excel with consistent month-on-month growth. During the financial year ended March 2025, the industry reported only single-digit growth in washing machines and negligible growth in refrigerators. However, Voltas Beko's performed remarkably well with a volume growth of 57%. This growth was further complemented by a significant increase in market share during the quarter. As of year-to-date February 2025, our market share improved to 8.7% for washing machines and 5.3% for refrigerators. We are delighted to share that our performance in semi-automatic washing machines exceeded the expectations, making us the second largest player in the product category with a year-to-date market share of 15.3%.

Leveraging our manufacturing progress, we aim to localize all refrigerator manufacturing in India and become a fully made in India brand. By elevating technology across all product categories, we plan to drive future growth. Our extensive and attractive range of appliances will help us increase our market share further.

In terms of profitability, increased volume and various value engineering measures helped us improve our margins and minimize losses. While our business continued to grow across categories, category growth per se limited the overall profitability of the business. Voltbek continues to work on bringing in efficiencies for the leverage profitability.

Outlook

To summarize, how does the season. With the ongoing season, we remain optimistic for all our product categories, and we hope that the demand will remain strong, and positive consumer sentiments will support volume despite strong comparable quarter. The various strategic initiatives and new product launches planned for the season across categories, our distribution reach will help us further improve our performance in the market and support us in strengthening market share in a more sustainable and profitable manner. Optimization of our manufacturing facilities and cost efficiencies will remain a key driver of profitability during the period.

For Projects business, we will continue to remain diligent and cautious for tendering the jobs.

Overall, we continue to monitor the market cautiously and are optimistic in our performance across the businesses we operate in. Thank you.

Moderator:

Thank you very much. The first question is from the line of Ankur from HDFC. Please go ahead.

Ankur:

My first question was on the UCP margins, which are fairly strong at about 10% for the quarter and also about 80 basis points higher Y-o-Y. So just trying to understand what led to the strong margins given the fact that I believe you said you've not really taken any price hikes on the room AC side, plus given RM cost increases, and I'm assuming even compressor costs would have gone up. So just if you could help us understand what's driving that increase? Are there any one-offs that we should be aware of?

Pradeep Bakshi: Yes. So let me answer you on this particular one. There are a couple of things which have helped us increase our margins in this category. UCP, as you know, it consists of air conditioners, commercial refrigeration, commercial air conditioning and air coolers. So in each of these verticals, except for the commercial refrigeration segment, we have done better than the previous quarters and the previous year in terms of our profitability for the several reasons.

One, of course, the better product mix has happened. Like in air coolers, there is a better demand for the larger capacity industrial kind of coolers, which is more than 100, 120 liters, etcetera, and which is a slightly better margin fetching products.

Similarly, even in the room AC category also, there is a demand for higher energy-efficient products, which is also helping us improve our profitability. And even on the commercial air conditioning front also the overall revenue and profitability has gone up in quarter 4, and this has all helped us in improving our margins.

Ankur: Okay. Sir, if you could just spell out the RAC margins like you normally do, how much was it this quarter versus last quarter, last year same quarter?

Pradeep Bakshi: Yes. RAC margin, it is in about the same range as what we had achieved in the previous quarters.

Pradeep Bakshi: And if you recollect my previous discussions with you also and the guidance which I had given you, it's been hovering around 9%, 10% all along in the UCP category.

Pradeep Bakshi: Yes. Okay. And just a second question on the Projects business where we've once again seen a loss this quarter. So I think one of the comments in your press releases of some difficulties in domestic projects. So if you could just help us understand what's driving that loss? Is it like provided for completely and hopefully doesn't come back in the coming quarters?

Pradeep Bakshi: So Ankur, Yes, there are some provisioning which we have made in the international projects business, and that is on account of our prudence because some payments have got a bit delayed. Although the team is putting an effort to collect those monies also, and we are hopeful that in subsequent quarters, those payments will come up. But we have been able to provide them in advance to avoid any difficulties.

Moderator: The next question is from the line of Siddhartha Bera from Nomura.

Siddhartha Bera: Sir, first question on the demand outlook for this year on the RAC side, given that near term we have seen some softness given the seasonal rains, would it be possible to indicate how much are we budgeting in terms of outlook volume growth for the coming year?

And second, on the market share as well, I mean, we did maintain market share on a Y-o-Y basis, but every quarter we have seen some moderation. So do you think market share gains will be a priority now given the outlook? So that will be the first question.

Pradeep Bakshi: Yes. So one is, of course, as you said rightly, January, February period was good. But as the season moved into the summer season, there have been some unseasonal rains and thunderstorms in some part of the country and which has brought down the sentiment -- consumer sentiments.

So the initial few days have not been good. Summers are a bit late. But I believe that it is going to be an extended one. So hopefully, we will -- we should be able to make up for whatever we have not been able to encash upon as an opportunity during the initial few days of the summers. We are quite buoyant that hopefully the summer will be longer and we will be able to encash..

But it will all depend on the summers. And it's very difficult to give you any kind of guidance as to what kind of percentage growth we'll be able to. Of course, we've got plans. We are -- we intend to grow, and that's our ambition also, but it will all depend on the summer season.

However, as you know, these days, actually, the ACs, air coolers and all these products, whatever verticals we are into, around the year there's been movement happening because somewhere -- and we have got larger basket and they keep complementing if per chance one particular category doesn't show up, then the second category makes up for that. So we are quite confident that we'll continue to produce good results, and we'll continue to give you good returns.

On the market share front, I remember that you asked for that also. On the year-on-year basis, you will see that our market share has been hovering around about 19%, and we have been able to maintain our leadership position.

Yes, 1 month or so here and there, probably at times for some reasons, the market share as per the syndicated research may go up and down because it is at the -- they are all indicative ones.

Moderator: The next question is from the line of Aniruddha Joshi from ICICI Securities.

Aniruddha Joshi: Yes. Sir, just on the provisioning in the international projects that you alluded earlier. So if you can share more details on that? I mean, if the team is extremely confident of receiving the money, why are we taking the provision at this stage? And in a way, is the entire provision already done or there might be some extra provision in Q1, Q2 also? And which type of project, which country that we are referring to? And what is the total quantum of that project?

Pradeep Bakshi: See, these are actually the expected credit loss as per the time lines which we provide. While team has been putting in effort and they are likely to collect money. But since the time is -- as per the time lines we are supposed to provide, we have gone ahead and proactively provided for. And there are a couple of projects, we have provided for. And the geography of course is the GCC countries.

Aniruddha Joshi: And sir, what was the quantum in this quarter?

Pradeep Bakshi: About INR40-odd crores approximately.

Moderator: The next question is from the line of Achal Lohade from Nuvama Institutional Equities.

Achal Lohade: Sir, just wanted to understand in terms of the market volume for the year FY 2025. And given what we have seen in the month of April, assuming that we see a normalcy from, let's say, second half May onwards, how do you see the market growth, especially when we are hearing that South is seeing a decline of 25%, 30% Y-o-Y. So if you could give some sense on the volume for FY

2025 for the industry and the outlook in terms of the growth, especially taking into account the April month?

Pradeep Bakshi:

So if you're talking about financial year 2025, you've seen our growth. We've grown by about 36%, in volume, and in revenue about 30% we've grown. We've shown our growth as in UCP segment. And if you're talking about industry, industry has been hovering about around 13-14 million, approximately.

And I have already informed you and in previous question also I shared about how the future is looking at this. Initial few days have been a bit challenging because summer set in a bit late in most part of the country. However, we are reasonably confident now, that in next few days summers may pick up and probably we will gain from the extended summers.

Achal Lohade:

So that expectation of 15%, 20% or 20%, 25% industry growth still remain? Or is there a dent to that, sir?

Pradeep Bakshi:

Yes, double-digit growth is definitely going to be there, but it's difficult to say whether it is going to be 15% or 20%. It depends on the season. But yes, overall, the industry is lesser penetrated. We have got everything positively moving in the direction of our growth. I have been informing you all along all our conversations for last several quarters, per capita income, GDP, penetration levels, hot and humid environment of our country, large consumption base and population base, everything is there positively placed for us.

Only thing is summer should support us. But otherwise, overall, by the time the year ends, actually, even if 1 quarter or a few months are lower over the previous quarters, it can -- it is made up in the subsequent quarters generally. And by the end of the year, you see our results for several years, we've been continuously growing, and we are faster growing than the industry growth.

Moderator:

The next question is from the line of Aditya Bhartia from Investec. You may proceed.

Aditya Bhartia:

This is Aditya from Investec. My first question is on market share, wherein earlier we used to have 23%, 24% kind of market share, which then in a couple of years had fallen to 19-odd percent, and it appears to have settled around that level. Now just wanted to understand how do you see this scenario? Is the aspiration to go back to the kind of market shares that we used to have? Or do you think the industry competitive dynamics are such that we look to kind of protect the market shares at the current level?

Pradeep Bakshi:

So while we would aspire to go back to higher market share. However, I think we need to bear in our mind the number of players which are continuously been increasing in the category because as I said, India is poised for a big growth. And every geography is looking at entering into India. If you look at, we have got brands from America, Europe, Korea, China, Japan, from all geographies, people have entered into India.

This has become quite clutter, this particular segment, AC, if you look at. There are more than 60, 65 brands which are fighting for getting this share into the pie. And therefore, it becomes very, very difficult to maintain a very high-level market share. However, what we have been

assuring you and our endeavour has been to continue to remain a market leader and with a reasonable gap between number 1 and number 2. That is what we will continue to do that.

Moderator: The next question is from the line of Rahul Agarwal from Ikigai Asset.

Rahul Agarwal: Sir, just one question on revenue growth outlook. You obviously talked about RACs. Just wanted to know your opinion about the Commercial AC, Commercial Ref and project business. How do you see the next year panning out in terms of growth?

Pradeep Bakshi: So this looks very positive, both the segments which you talked about, B2B, Commercial ACs as well as Commercial Refrigeration if we look back 2-3 years back, there was -- most of the industries that put on hold their capex investments. During the COVID, etcetera, the business has gone down and therefore, people were holding back. But now if we look at, it has started opening up. And if you see our Commercial Air Conditioning growth, we have continued to grow both in terms of revenue and profitability in this segment. So it is definitely a very positive sign.

In Commercial Refrigeration also, if you look at barring last few quarters in the previous year, fiscal year '25, where we had some challenges in demand and also due to because the QCO was coming up and also there was commodity costs going up, which industry player could not pass on to the consumer. And therefore, there was a bit of a challenge in this category. However, in terms of revenue growth and all, both these segments are quite positively placed.

There is a demand for Cold Chain products and the category is continuously growing. And similarly, a lot of new offices and buildings are coming up, commercial buildings, airports, metros, and this paves a lot of opportunities for us, including our group companies where a lot of new businesses are coming up, Tata Electronics and all, where we have got -- we are beneficiary of large orders booked during the year, which are going to get executed. So hopefully, this is going to be a good year going forward.

Rahul Agarwal: Is this like a 15%, 20% growth category or maybe more?

Pradeep Bakshi: Very difficult to say on the percentage growth. But yes, we will be -- it will be more than double-digit growth, yes.

Moderator: The next question is from the line of Dhaval Somaiya from Axis Mutual Fund.

Dhaval Somaiya: Sir, just one question. Just wanted to understand for our Chennai factory, do we have any kind of state incentives that we'll be receiving?

Pradeep Bakshi: Yes. Actually, there is a state benefit definitely there, which is going to come as we produce. But it is over a longer period, over the next 15 years, I think 15 years, we are going to get the dividends in -- from this factory. However, we are quite upbeat because this factory has been largely set up, not keeping in mind only the benefits what we want to get.

Ultimate objective was we wanted to be closer to the market. If we when earlier on, we were selling and sending products from North India to South India. One is the transit time. And

secondly, the transportation cost was sort of eating into the profitability. However, by reaching out closer, we have cut short on the timings to reach out to the consumer faster.

And secondly, we have been able to save some costs, which we are investing into building the brand further. So both ways, I think that was the objective of setting up this factory. Of course, in the present we are going to get benefited from the state government, and we will make use of that in expanding the brand in the volume and the business.

Moderator:

The next question is from the line of Natasha Jain from PhillipCapital.

Natasha Jain:

Sir, my long-term questions, you've pretty much answered. My question is more near term. So there has definitely been strong primary filling in the channel in anticipation of a stock out and supply chain issues. But then especially when I see the secondary sales, the movement has been very slow. And I mean, the only legit data that we get is the GSK numbers and basis that there is a decline in terms of Voltas' market share. So how are you seeing your secondary sales at the point?

Pradeep Bakshi:

So I think Natasha I have answered that there has been challenges in the secondary movement as well as tertiary movements during the last few days, about last 30-40 days because of summer onsetting has been delayed. There have been some rains playing the spoil sport. So that has been a little challenging for us. And yes, we get to see that some dip in the market share has also happened. But generally, we are not concerned on month-to-month basis. It is -- actually, we look at on the quarterly basis and the annualize basis as to how our market shares are moving.

And also for us, this particular quarter, April, May, June is the largest. For our company, we are quite AC-focused orientation. And therefore, you'll get to see that we will cover up all that in this quarter. From now onwards, until the second and third quarter, we will make up for all this.

Moderator:

The next question is from the line of Bhoomika Nair from DAM Capital.

Bhoomika Nair:

Sir, just wanted to get a sense on if you've taken any price hikes and given the muted demand that we are seeing on the late onset of summer, are we seeing any discounting by any of the peer set, etcetera? And secondly, if you can also talk about the Commercial Refrigeration business, you spoke about margins being lower. What was the margin impact both for 4Q and for FY '25? And also, if you can talk about the revenue growth for Commercial Refrigeration, both for the quarter and for the year?

Pradeep Bakshi:

So your first question is about the price hike. You see, we are evaluating continuously on as to how the demand has been moving. We are also bearing in mind the commodity price movements and also the forex movement. And accordingly, a judgmental call will be taken as and when we feel it appropriate. Immediately, I'm not looking at any price hike to be honest. But as the situation demands, we will take appropriate action, one.

On account of discounting, right now, the channel as well as the brands are settled with the inventories. So if the summer season is not setting in appropriately and if the summers are delayed and in case some brands resort to the discounting, I cannot say on that. But looks unlikely because at the end of the day, summers will be there, maybe it would be a bit delayed.

And hopefully, it is going to be longer one. So I don't think it is appropriate to talk about discounting at this moment. And as of now, nobody has resorted to that particular discounting element.

Commercial Refrigeration, I have already talked about, I think, in detail as to profitability and the growth last year has been a little muted one, both on account of the QCO stock liquidation and on account of demand of certain categories. And therefore, while people in the industry were holding on some inventory, they wanted to liquidate that. So I think all in all, that was not a good year for the Commercial Refrigeration segment.

And going forward, if you were talking about revenue for quarter 4 and we have grown by about overall 19%, 20% in the category, Commercial Refrigeration category. And profitability, we have not done well, to be honest, in this Commercial Refrigeration category. But overall, we have done reasonably well.

Bhoomika Nair: So we would have broken even or marginal profitability?

Pradeep Bakshi: Marginal.

Moderator: The next question is from the line of Rahul Gajare from Haitong Securities India Private Limited.

Rahul Gajare: I just have one question, which is in the month of April, company reported that there was a custom duty demand of about INR25 crores. Can you talk about what products or component does this custom duty refer to? Because this can have impact not just for Voltas, but other players and industry at large. So just if you can throw some light, maybe Mr. Sridhar can talk about this, which products are these?

Pradeep Bakshi: So -- okay. Let me answer and if Sridhar needs to add to that, he can also add. The notice -- demand notice was on copper as an element, if you're talking about what particular item was it. And since we have been buying copper as well as the industry from some of the countries where the duty exemptions are there, FTAs have been signed up. We've been buying from there.

And probably, in our opinion, it's a legitimate buy because the vendors have declared that these goods get manufactured in the respective countries and they have submitted documents also to that effect.

However, it is between them and the government, which is settling. And because we have received the notice in the middle of the month, and we are just evaluating that notice, and we are also consulting amongst ourselves, and we'll be responding to that suitably.

K.V. Sridhar: So we just got it, I think, a couple of weeks back only. So we're just evaluating it, and we'll be responding accordingly.

Rahul Gajare: So this is copper tubes basically?

Pradeep Bakshi: Yes.

K.V. Sridhar: Yes.

Moderator: The next question is from the line of Umang Mehta from Kotak Securities.

Umang Mehta: I just had a question on other income during the quarter. So there was a sharp jump in both other income and other operating revenue income. What was it? And did it help UCP margin? If yes, by how much was the benefit because of this particular?

Pradeep Bakshi: This is largely the interest and mark-to-market income on our investments in other income. And this year, it has paid us good dividends. And in other operating income we have accrued PLI linked incentive. So therefore, you see a jump in that. That's the only thing.

Umang Mehta: How much with respect to UCP margin because of this?

Pradeep Bakshi: No, no. While PLI linked incentive is part of divisional results, we don't take investment income it in the divisional margins. This is unallocated -- we show it as unallocated earnings.

Moderator: Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Ms. Natasha Jain for closing comments. Thank you, and over to you, ma'am.

Natasha Jain: Yes. I would request the management to give closing comments, if any.

Pradeep Bakshi: So thank you very much. And the company and the brand has done very well for itself during the course of fiscal year 2025. And as we go forward, our endeavor would be to continue to do well, continue to exceed the expectations of our shareholders and continue to perform. And we look forward to support from all of you.

Natasha Jain: Thank you, sir. That concludes the conference. Participants can now disconnect their lines.

Moderator: On behalf of PhillipCapital India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.